

Department of Labor and Workforce Development
Division of Business Partnerships – Technical Assistance Unit

MEMORANDUM

TO: Alaska Workforce Investment Board
Executive Committee

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THROUGH: AWIB Operations Council

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SUBJECT: Self-Sufficiency Definition

Purpose: This memo reviews options and recommends a definition of self-sufficiency for determining income eligibility under the Workforce Investment Act (WIA).

Background: The WIA requires local boards to define *self-sufficiency* for the adult and dislocated worker programs. This definition sets the minimum amount of cash resources necessary for individuals to support themselves and become self-sufficient. Field staff can use these criteria to determine an individual's eligibility for WIA staff-assisted services. Criteria are based on family income for adults and a percentage of the layoff wage for dislocated workers. All options include an added provision for exceptions to the criteria when a registrant faces barriers to employment. Since WIA is undergoing reauthorization, eligibility requirements, including the definition of self-sufficiency, are subject to change.

Adults

Option one maintains the status quo, which sets self-sufficiency for *adults* at 200 percent of poverty guidelines plus \$50.00. The Department of Health and Human Services issues the poverty guidelines as a standard for administering federal programs, which is updated annually, and adjusted by family size for Alaska. The 200 percent level allows case managers a high degree of flexibility in determining eligibility when funds are not limited. Since adult formula funds are currently limited, this option may not appropriate enough funds for lower-income persons.

Option two sets the definition at 100 percent of the Lower Living Standard Income Level (LLSIL). The LLSIL is the US Department of Labor standard for administering WIA programs. The 100 percent level is the baseline, or minimum level for determining self-sufficiency. While this option targets the hardest to serve, it does not accurately reflect the true cost of living in Alaska. Any higher percentage of the criteria seems too restrictive for single/small families and too broad for larger families.

Option three uses 150 percent of the HHS poverty guidelines. In comparison to the 200 percent of poverty line, the criteria are progressively restrictive on larger family sizes. While this level may be useful when funds are limited, it is too low for Alaska's cost of living.

Option four uses 175 percent of the HHS poverty guidelines. This level provides wider flexibility in determining eligibility, but adjusts for current funding limitations. It is equitable for varying family sizes.

Recommendation for adults: Option four. Defines self-sufficiency as 175 percent of the HHS Poverty Guidelines, and provides for exceptions when a participant has barriers to employment, such as childcare or transportation.

Dislocated Workers

Option one maintains self-sufficiency for a *dislocated worker* at 80 percent of his or her layoff wage. Dislocated workers would be eligible to receive WIA staff-assisted services if they are unable to retain employment that meets this income level. Greater availability of dislocated worker funds have supported this (more liberal) definition. It may also be more appropriate when the occupations of dislocation are low-skill and high-wage, which is characteristic of some industries in decline in Alaska.

The second option uses 175 percent of the HHS poverty guidelines *or* 80 percent of the layoff wage, whichever is higher. This level would ensure that dislocated workers are placed in jobs with wages no lower than the WIA adult population. Since there is ample funding to support dislocated worker programs at present this option may not be necessary.

A third option increases the layoff wage to 85 or 90 percent. This figure expands eligibility and may set a standard too high for low-skill, high-wage workers to meet. It may be difficult to demonstrate successful retraining of Alaskan workers since wage recovery is typically below 90 percent.

Fourthly, the board could apply the adult definition of self-sufficiency to dislocated workers. This would set an equal standard for determining self-sufficiency and program eligibility. However, it would unnecessarily restrict eligibility for dislocated workers since funding is not presently limited.

Recommendation for dislocated workers: Option one is presently the best option since there are sufficient dislocated worker funds to support this definition. It also provides for exceptions when a participant has barriers to employment, such as childcare or transportation. Although the 80 percent level has been a useful definition in the past staff anticipates less dislocated worker funding in the future, and would recommend option four at that time.

Attachments: Adult Self-Sufficiency Comparison
Self-Sufficiency Levels in Other State Areas

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